CMP425: Billing Demand Transmission Residual By Site

07 November 2023

Online Meeting via Teams

WELCOME

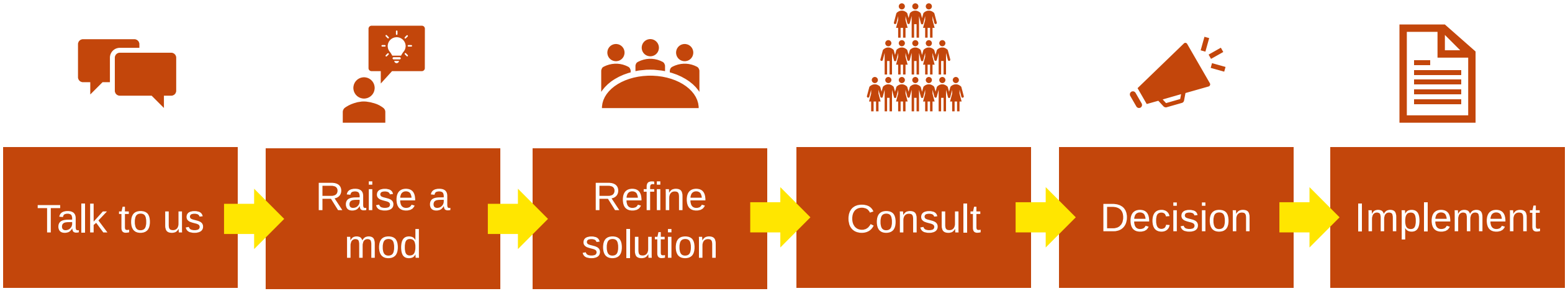
Agenda

Topics to be discussed	Lead
Introductions	Chair
Code Modification Process Overview • Workgroup Responsibilities • Workgroup Alternatives and Workgroup Vote	Chair
Objectives and Timeline • Walk-through of the timeline for the modification	Chair
Review Terms of Reference	All
Proposer presentation	Proposer's Representative
ESO Views	ESO Representative
Questions from Workgroup Members	All
Agree Terms of Reference	All
Cross Code Impacts	All
Any Other Business	Chair
Next Steps	Chair

Modification Process

Milly Lewis – ESO Code Administrator

Code Modification Process Overview



Forums

Panels

Workgroups
(Workgroup Consultations)

Ofgem/Panel

Refine solution
Workgroups

- If the proposed solution requires further input from industry in order to develop the solution, a Workgroup will be set up.

- The Workgroup will:
  - further refine the solution, in their discussions and by holding a **Workgroup Consultation**
  - Consider other solutions, and may raise **Alternative Modifications** to be considered alongside the Original Modification
  - Have a **Workgroup Vote** so views of the Workgroup members can be expressed in the Workgroup Report which is presented to Panel

Consult

Code Administrator Consultation

- The Code Administrator runs a consultation on the **final solution(s)**, to gather final views from industry before a decision is made on the modification.

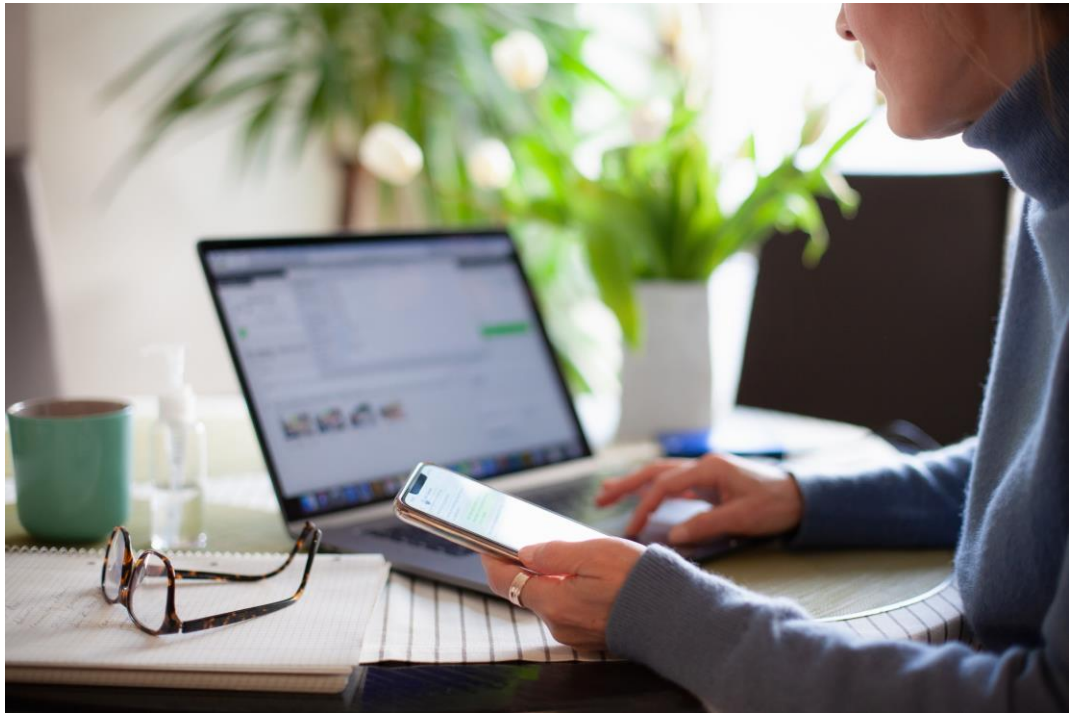
- After this, the modification report is voted on by Panel who also give their views on the solution.

Decision

- Dependent on the Governance Route that was decided by Panel when the modification was raised
- **Standard Governance:** Ofgem makes the decision on whether or not the modification is implemented
- **Self-Governance:** Panel makes the decision on whether or not the modification is implemented
  - an appeals window is opened for 15 days following the Final Self Governance Modification Report being published

Implement

- The Code Administrator implements the final change which was decided by the Panel / Ofgem on the agreed date.



Workgroup Responsibilities

Milly Lewis – ESO Code Administrator

Expectations of a Workgroup Member

- Contribute to the discussion
- Be respectful of each other's opinions
- Language and Conduct to be consistent with the values of equality and diversity
- Do not share commercially sensitive information
- Be prepared - Review Papers and Reports ahead of meetings
- Complete actions in a timely manner
- Keep to agreed scope

Your Roles

- Help refine/develop the solution(s)
- Bring forward alternatives as early as possible
- Vote on whether or not to proceed with requests for Alternatives
- Vote on whether the solution(s) better facilitate the Code Objectives

Workgroup Alternatives and Workgroup Vote

Milly Lewis – ESO Code Administrator

Workgroup Membership

Role	Name	Company
Proposer's Representative	Lisa Waters	Waters Wye Associates acting for Nissan Motor Manufacturing UK (nominated by ESO)
Workgroup Member	Martin Cahill	ESO
Workgroup Member	Grace March	Sembcorp Energy
Workgroup Member	Edda Dirks	SSE Generation
Workgroup Member	Nick Booth	Nick Booth Ltd acting for Envision AESC (nominated by ESO)
Workgroup Member	Paul Jones	Uniper
Observer	Andy Barker	Nissan Motor Manufacturing UK
Authority Representative	John Mclellan	Ofgem

Can I vote? and What is the Alternative Vote?

To participate in any votes, Workgroup members need to have attended at least 50% of meetings

Stage 1 – Alternative Vote

- Vote on whether Workgroup Alternative Requests should become Workgroup Alternative CUSC Modifications.
- The Alternative vote is carried out to identify the level of Workgroup support there is for any potential alternative options that have been brought forward by either any member of the Workgroup OR an Industry Participant as part of the Workgroup Consultation.
- **Should the majority of the Workgroup OR the Chair believe that the potential alternative solution may better facilitate the CUSC objectives than the Original then the potential alternative will be fully developed by the Workgroup with legal text to form a Workgroup Alternative CUSC modification (WACM)** and submitted to the Panel and Authority alongside the Original solution for the Panel Recommendation vote and the Authority decision.

Can I vote? and What is the Workgroup Vote?

To participate in any votes, Workgroup members need to have attended at least 50% of meetings

Stage 2 – Workgroup Vote

- 2a) Assess the original and Workgroup Alternative (if there are any) against the relevant Applicable Objectives compared to the baseline (the current code)
- 2b) Vote on which of the options is best.

Objectives and Timeline

Milly Lewis – ESO Code Administrator

Timeline for CMP425 as at 06 November 2023

Milestone	Date	Milestone	Date
Modification presented to Panel	27 October 2023	Panel sign off that Workgroup Report has met its Terms of Reference	24 November 2023
Workgroup Nominations (5 Working Days)	27 October 2023 to 06 November 2023 (due to half term)	Code Administrator Consultation (3 working days)	24 November 2023 to 29 November 2023
Ofgem grant Urgency	02 November 2023 (5pm)	Draft Final Modification Report (DFMR) issued to Panel (2 working days)	04 December 2023
Workgroup 1 (assuming Ofgem have granted Urgency)	07 November 2023	Panel undertake DFMR recommendation vote	06 December 2023 By 12pm
Workgroup 2 (assuming Ofgem have granted Urgency)	09 November 2023	Final Modification Report issued to Panel to check votes recorded correctly	06 December 2023 By 2pm
Workgroup Consultation (3 working days)	10 November 2023 to 15 November 2023	Final Modification Report issued to Ofgem	06 December 2023 By 4pm
Workgroup 3 - Assess Workgroup Consultation Responses	17 November 2023	Ofgem decision (5 working days)	ASAP
Workgroup 4 – Finalise solution and Workgroup Vote	21 November 2023	Implementation Date	01 April 2025
Workgroup report issued to Panel (1 working day)	22 November 2023		

Terms of Reference

Workgroup Term of Reference
a) Consider EBR implications
b) Consider the scope of work identified and whether this is achievable within the timeframe outlined in the Ofgem Urgency decision letter.
c) Consider the extent of the impact, particularly for complex sites
d) Consider whether any further Industry experts or stakeholders should be invited to participate within the Workgroup to ensure that all potentially affected stakeholders have the opportunity to be represented in the Workgroup Report.

Proposer’s Presentation

Lisa Waters – On behalf of Nissan Motor Manufacturing (UK) Limited (NMUK)

CMP425 – proposer views

Why urgency…

- Following the EV36ZERO announcement in July 2021, Nissan has been working with AESC UK to create an EV manufacturing hub in Sunderland
- A key milestone for business approval for supplier is at the end of November, hence urgency request
- Requirement for urgency of CMP425 decision
- *This CUSC defect will have a significant commercial impact on Nissan and AESC UK*

Decision date vs implementation

- The site is expected to energise in stages starting in December 2025, so there is less “urgency” for implementation, compared to decision
- However, as noted, in the absence of a decision, or at the very least strong indication of industry and CUSC panel support by mid-November, both parties may need to assume they would have to pay £4.3M each (it is not clear we can share a single supplier/BMU)
- We are hopeful that there can be broad and quickly achieved agreement that the proposed solution would have a positive impact on CUSC objectives particularly in terms of competitiveness

CMP425 – Proposer views 2

Why didn't we raise this issue sooner?

- The original plan was for an IDNO connection, and we had understood that EHV4 costs would apply. The delta was between £1.3M shared or £1.3M each - still painful but maybe manageable
- It was just recently that OFGEM raised concerns about connecting an IDNO directly to the Transmission network
- So now the plan is for a private wire network directly connected which means T banding. Each party are borderline T4 banded so we need to know whether it is one T4 charge or two

How many parties would be affected?

- We do not know how many parties this might affect, but we suspect there may be quite a few parties for whom the CUSC is not an area of expertise
- We suspect that non-CUSC parties may not be aware that they could influence the charging regime
- Those that might be aware are suppliers who would have little incentive to raise the mod!
- While a later implementation date may be acceptable to the consortia, we note that other (non-CUSC) parties might have preferred an earlier implementation

Will there be an impact on ESO systems

- We understand that ESO will need to undertake a systems upgrade to implement this mod
- We also understand that they would find this difficult to implement by 1 April 2024
- Hence, we propose an implementation date of 1 April 2025

CMP425 - proposer views 3

Is the solution fully developed?

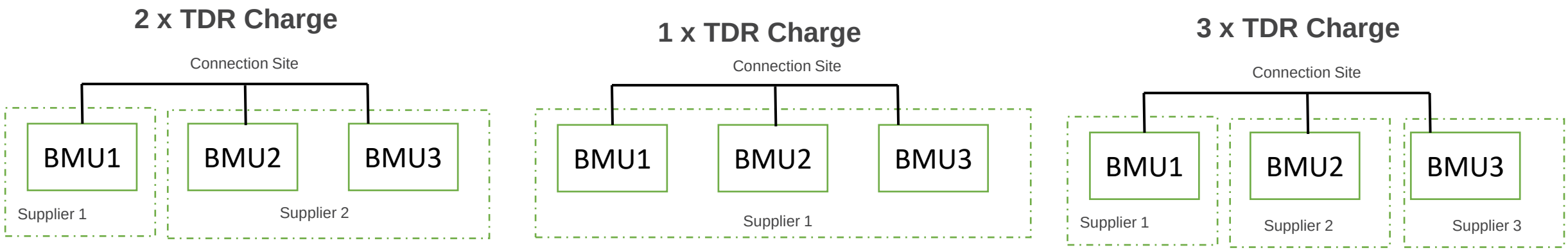
- In our view the solution is straightforward and fully developed and a workgroup is not required so could have gone straight to Code Administrators Consultation
- It is the consortia view that any benefit of fine tuning the solution would be immaterial. This consideration should be weighed against the critical timeline that the consortia faces
- It is difficult to see how any unintended consequences could arise that would offset the benefits of this mod, though a Code Administrator Consultation would draw these out
- If the CUSC Panel feels that the proposal needs further development and that a workgroup is required, we would need to ensure that we engage the relevant non-CUSC parties and potential sponsors. Quoracy might be an issue in the required timeframe
- Note we have confirmed with Elexon that there are no BSC implications

ESO View

Martin Cahill

Current State

- Where there are multiple BMUs behind one “connection site” there is one charge
- However there are no examples of a “connection site” with BMUs that have multiple suppliers
- TDR is billed to the supplier
- This link shows TO connected Final Demand Sites and their charging bands



Our Interpretation

- Agree that TDR should be charged by connection site rather than BMU
- However, introducing multiple suppliers at the same site introduces practical issues with how the charge is levied, as it is currently billed per supplier
- Agree that a modification will help clarify this scenario
- Important to consider wider impact/precedent set here

- The **Transmission Demand Residual** charge for **Final Demand Sites** will be the sum of the number of sites per **Charging Band** as served by that **Supplier BM Unit** multiplied by the number of days the sites were served by that **Supplier BM Unit** and multiplied by the applicable **Transmission Demand Residual Tariff** £/site/day as determined in 14.15.141, *and*

14.17 Demand Charges

Parties Liable for Demand Charges

14.17.1 Demand charges are subdivided into charges for demand locational **Transmission Demand Residual**, energy and embedded export. The following parties shall be liable for some or all of the categories of demand charges:

- The Lead Party of a Supplier BM Unit;
- Power Stations with a Bilateral Connection Agreement;
- Parties with a Bilateral Embedded Generation Agreement

Questions from Workgroup Members

- Draft legal text at 14.17.13, fourth bullet: should the term ‘connection point’ be replaced with ‘Connection Site’, since the latter is the entity on which Residual charges are (or should be) levied, as referenced in the definition of ‘Single Site’?

- Is there a system marker/flag for those ‘Connection Sites’ which have more than one Supplier? If not, should we consider creating such a marker? (Without one, implementation/compliance could be difficult.)

- Are legal text changes also needed in the Residual Charges section (i.e. somewhere in 14.15.135 – 14.15.169)?

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Cross Code Impacts

Milly Lewis – ESO Code Administrator

Any Other Business

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Next Steps

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